

**CITY OF LINCOLN
CENTRAL BUSINESS TAX INCREMENT FINANCING DISTRICT
GRANT PROGRAM**

GUIDELINES

I. INTRODUCTION

The City of Lincoln Tax Increment Financing Grant Program offers several forms of business assistance and incentives. This assistance allows property owners to make building, landscaping and signage improvements. TIF is applicable to a specific geographic region of the central downtown area. A property must be within the borders of this TIF District to be eligible for funding assistance (see attached Map). Also, the expenditure of TIF revenues is limited to certain specific types of “redevelopment project costs,” as defined by state statute (65 ILCS 5/11-74.4 et seq) and the City of Lincoln Central Business Tax Increment Redevelopment Plan and Project.

II. ELIGIBLE PROJECT COSTS

A Redevelopment Project Cost is a cost incurred or estimated to be incurred incidental to a redevelopment plan and a redevelopment project. Examples of such costs, by statute, include but are not limited to:

1. Costs of studies, surveys, professional fees for architectural, engineering, legal or financial services rendered incidental to the redevelopment plan.
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, demolition of buildings and the clearing and grading of land.
3. Cost of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures.
4. Cost of construction of public works improvements.
5. Cost of job training and retraining projects.
6. All or portion of a taxing district’s capital costs resulting from the redevelopment project incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City, by written agreement, accepts and approves such costs.

7. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that such subsidy does not exceed 10% of the annual interest cost incurred by the TIF project redeveloper.

TIF funds are specifically excluded in the costs of construction of new, privately owned buildings, as they are not eligible redevelopment project costs. It is further not the intent of the TIF to be used for inventory or general operating costs of a business.

III. ELIGIBLE IMPROVEMENTS

The program is geared to make building improvements ranging from minor repairs and painting to complete façade renovation. All improvements must be compatible with the architecture of the building and downtown design standards. Eligible improvements include brick cleaning and tuck pointing, window and/or door replacement, awnings, restoration of original architectural features and other improvements, including signage, visible from the street and have a positive appearance of the building. A portion of roof repair may be funded under the program if the request is accompanied by a qualified opinion of need provided by a certified contractor or roofer or the repairs are coordinated across several properties. Awnings and canopies may be used as a design element if those features are compatible with the original building design and complement the building's architectural features. Construction and/or repair of mansard roofs and fixed shingle canopies may be an eligible cost under the program.

Other eligible improvements include:

- Upgrading non-conforming signage to code compliance
- Landscaping
- Exterior lighting
- Parking area improvements
- ADA Handicap accessibility – ramps, doors etc.

IV. INELIGIBLE PROJECTS

It is not the purpose of the program to finance ongoing improvements which could be considered part of a building's routine maintenance. Building additions shall not be funded; however such additions may be eligible for other TIF assistance under a general redevelopment agreement. Each eligible improvement shall be funded only once by the program. The program is not intended to assist in funding improvements not readily visible from the public right-of-way. Ineligible improvements include improvements to the building interior (except code compliance) such as remodeling, floors, office, FFE or display spaces or exterior maintenance work unless interior improvements increase the assessed valuation of the property in question. Assessed value increases must be done and certified by a certified appraiser or County Assessor.

IV. ELIGIBLE APPLICANTS

Eligible applicants include the owner of a commercial building or the owner of a commercial business. Business owners who are tenants of a building must provide written consent from the building owner for all proposed improvements.

V. TYPES OF ASSISTANCE

1. Grants: The City of Lincoln offers TIF grants for certain projects as defined herein. These grants are generally paid on a reimbursement basis or directly to a vendor or contractor for products or services already delivered. As such, grants are generally not given to a redeveloper in advance, but on a reimbursable basis. The funds are not subject to repayment in most instances, unless it is otherwise provided for in the redevelopment or grant agreement negotiated between the developer and the City. Recipient of grant funds are required to enter into a redevelopment/grant agreement with the City of Lincoln, which provides for terms and covenants.
2. Architectural Assistance: The City may provide assistance in the form of an initial architectural or structural analysis of a proposed redevelopment project for the purpose of determining general or structural feasibility and for development a preliminary scope of work, not to exceed \$1,000 each.
3. Loans: Low-interest TIF loans are also available for eligible projects. The interest rate charged on these loans is typically the Prime rate, although the rate may vary with the individual project or applicant. The City Council, may in extraordinary circumstances, waive all or a portion of the loan interest based on the individual project and its impact on achieving the objectives of the redevelopment plan. The term of the loan shall not be longer than ten years, or the remaining term of the TIF District, whichever is lesser. Although the loan principal may be amortized based on a longer term, with a balloon payment due at the end of the loan. The City may loan the maximum of 100% of the eligible project costs to a redeveloper, but as a general rule, the City's loan shall not be in excess of 80% of the total project costs. All TIF loans are required to be collateralized through one or a combination of a mortgage on the subject real estate, a personal guarantee, or the pledging of some other real or personal property acceptable to the City. Recipients of the loan funds are required to execute a redevelopment agreement and a promissory note to the City of Lincoln.

4. Interest subsidies: The City of Lincoln may use TIF funds to defray a portion of the interest expense on commercial financing for eligible projects. These subsidies are limited to 10% of the annual expense for a period not to exceed 10 years. Subsidies are paid only after certification by the commercial lender of the actual interest paid by the developer.

VI. PROJECT CATEGORIES AND GUIDELINES

1. NEW BUSINESS CONSTRUCTION

The City of Lincoln may enter negotiations with a developer constructing a new business. As mentioned above, the costs of construction of new, privately owned buildings are not eligible for TIF assistance. However, certain other elements of the project may be eligible for funding, including grants, loans and interest subsidies. The City will consider each project individually, and may enter into a redevelopment agreement at the City's option. Types and amounts of assistance granted, if any, will vary from project to project.

2. BUSINESS RELOCATION/EXPANSION/REHABILITATION

These projects will include interior remodeling, parking lot reconstruction, exterior upgrades, architectural signage and purchase of personal property such as equipment, furniture and fixtures to be used by the business, if it increases the assessed valuation of the subject property, and other physical improvements to a business.

Interest subsidy may be approved by the City for up to 10% of the annual interest cost for commercial financing of eligible redevelopment project costs.

3. FAÇADE RESTORATION GRANTS AND LOANS

This category applies to buildings on the square within the Central Downtown TIF Redevelopment District, and the City Council will give relative priority to façade restoration plans that involve more than one business in a block, with a full block of buildings in a plan given the greatest priority.

The plan for any façade restoration will be subject to Council approval, and property owners are encouraged to maintain the original historic character of the subject buildings in their restoration plans. Developers may receive:

A grant for up to (50%) of the eligible project costs, per square foot of frontage, not to exceed \$50,000.

4. EMERGENCY STRUCTURAL REPAIRS

These projects involve buildings within the downtown district that are experiencing a structural defect that could potentially result in the destruction of the building. These defects must be verified by a structural engineer or architect, and the repairs must be designed by a structural engineer or architect, the project must result in a new or the continued constructive use of the building.

Examples would include a collapsing roof or exterior wall, a severely settling foundation, or crumbling/falling exterior masonry. A developer may receive:

Grant for up to 50% of the eligible project costs, not to exceed \$10,000.

5. ADA, LIFE SAFETY/BUILDING CODE AND ELECTRICAL REHABILITATION

This category includes repairs and remodeling to bring an existing building/business into code compliance for electrical systems, accessibility, or life safety issues. Examples would include a new electrical service, the installation of ADA compliant restrooms and entrances, elevators, or the installation of new exterior doors if done to provide an approved additional means of egress, Developers may receive:

Grant of up to 50% of eligible project costs, not to exceed \$25,000.

6. TAXING DISTRICT CAPITAL COSTS

The City Council may, from time to time, approve funding eligible costs as outlined herein before to Taxing Districts who levy taxes within the Downtown TIF District in accordance with the Downtown TIF Redevelopment Plan and Project.

VII. APPLICATION PROCESS AND PROCEDURES

1. Potential applicants shall receive a copy of the program guidelines and application form. The completed application should be submitted to the Building & Zoning Director at 700 Broadway, Lincoln, IL.

2. Applications will be reviewed by staff for compliance with all program guidelines, which include compliance with the City's Zoning Ordinance and Comprehensive Plan. A site inspection may be completed by the City Building and Zoning Department staff. This inspection will be conducted to inventory any violations of the property maintenance, building or zoning codes. Applicants do not have to be in complete code compliance at the time of application for the program, but must be compliant on the building exterior before reimbursement can be made to the business.

If the application does not meet program guidelines, correspondence will be sent to the applicant indicating what items need to be addressed prior to the application being compliant. An appeal of any application denial by staff may be made to the TIF Review Committee. The applicant shall notify the Building & Zoning Director, in writing (by return receipt mail), with a request to appeal within ten (10) working days of receiving notice of the disapproved application. The TIF Review Committee will hear the appeal and review the facts and may vote to uphold or reverse the staff decision.

3. If an application meets the program guidelines and sufficient funding is available for the proposed project, the completed application and a recommendation for grant award will be made to the City TIF Review Committee. The TIF Review Committee consists of a representative of the Historic Preservation Commission, the Planning Commission Chair, the Zoning Board of Appeals Chair, Chamber of Commerce Executive Director, MainStreet Director, EDC Director, Mayor and/or his designee, City Administrator, and Building and Zoning Director. A Chairman will be designated by the committee. The TIF Review Committee will in turn make a recommendation to the entire City Council on which applications to fund.
4. The City Council shall authorize execution of a grant agreement based on the TIF Review Committee's recommendation including any changes made by the City Council regarding funding levels and actual applications funded.
5. Once all project information has been turned in, and formal approval by the City Council has been given for the grant or loan amount, the Building and Zoning Director will contact you to come to City Hall and sign the development agreement and note, if applicable, and any other appropriate program documents. Following execution of all appropriate program documents, and any appropriate permits issued, you may begin project, subject, however, to any terms or limitations set forth in the development agreement.
6. No reimbursement shall be made for work initiated or completed prior to the execution of a grant agreement, unless specifically authorized by the City Council.

7. All required work shall be completed within two (2) years of execution of the grant agreement.
8. Following the approval of a completed application and after the applicant has received at least two cost estimates for each of the approved proposed work items, the applicant shall notify the City as to the contractor(s) selected, the contract amount(s) and the anticipated date of project completion. Copies of all bids and proposals shall be submitted promptly to the City. The program shall fund an amount based on the lowest reasonable bid for each work item. This determination does not affect the applicant's selection of contractor. The application may not serve as his/her own contractor.
9. When applicable, building permits shall be obtained by the applicant before the work begins. ALL PROJECTS MUST APPLY FOR A CERTIFICATE OF OCCUPANCY, if none exists for current uses in the building. Questions regarding permit requirements should be directed to the City's Building and Zoning Director at 217-732-6318.
10. After the agreement has been executed and all necessary permits have been issued, work may proceed. All change orders must be approved by the City in writing.
11. Applicants are required to submit a six (6) month progress report if the improvement is not completed within the initial six (6) months after application funding. If the improvement requires the full two (2) year maximum timeframe to complete, reports are due for every six (6) month period until final completion/submission of costs and supporting documentation.
12. After completion of the project, copies of all bids, contracts, invoices, lien waivers, Prevailing Wage vouchers and cancelled checks must be submitted to the City. City staff will inspect the work for compliance with City codes and conformance with the design plans approved for the project. The City shall make payment to the applicant after the City has confirmed that any such project costs were so incurred and qualify as an eligible project cost.
13. Upon receipt of evidence documenting actual project costs, the City shall have 30 days to confirm that such project costs were so incurred. Within 30 days, or when funds are available, and after all requirements set forth above are met, the City shall issue a check for reimbursement of costs incurred, of the amount awarded by the City Council as set forth in the loan or grant documents. In the instance where the project has been established as a "construction" loan or grant with periodic payments through the construction process, the previous process will precede issuance of each progress payment.

VIII. EVALUATION CRITERIA

The City of Lincoln has determined the following criteria for grant selection based on the likelihood of the improvement increasing property value and/or meeting the design guidelines as outlined within the Central Business District TIF Design Guidelines (attached as Exhibit A) will be used to evaluate each TIF assistance application:

1. Return on Investment: The City will calculate and consider any additional amounts of local sales tax or property tax anticipated to be generated by the project, along with interest earned on a low-interest loan, as the City's return on investment. Inasmuch as there is a clear history of decline in both tax revenues and property conditions in the downtown area, the value of restoring the tax base and addressing a blighting influence of deteriorating property conditions, shall also serve as a legitimate form of return on investment. The City's benchmark or desired goal for return on investment for projects shall be ten years.
2. Job Creation/Retention: The potential for a redevelopment project to create new jobs and retain existing jobs within the community is viewed as a priority, and applications will be judged, at least in part, on that basis.
3. Private Investment: The City will, as a general rule, fund 50% to 80% of the project costs in the downtown district, except as otherwise provided for in these guidelines. The applicant through cash investment, equity position, and/or commercial financing must supply the balance of funding. The City Council may also consider the value of "sweat equity" invested into the project by the application when reviewing applications.
4. Is TIF needed? TIF funds should only be used to "trigger" projects that would not otherwise occur given the prevailing market conditions and the applicant's reasonable expectation of their return on investments. Has the applicant provided convincing information that the use of TIF is essential for the project i.e. the "but for" argument?
5. City Budget: TIF revenues and expenditures are programmed on an annual basis according to the annual budget. Funding may be limited or denied based on these constraints. The City has also adopted the following maximum limits on assistance:
 - Interest subsidies – 10% of the total project cost
 - Grants as part of an ADA Life Safety or Electrical Installation or combination thereof - \$25,000
 - Low-interest loans - \$50,000, unless otherwise provided in these guidelines

These limits are desired criteria that, in the absence of compelling reasons justifying the same. If the City is going to exceed these project limits, this fact will be pointed out to the Council and the special factors will be fully outlined justifying the same

6. Financial: The applicant must provide documentation of the financing for the project, as well as individual or corporate financial information, as requested by the City. The City reserves the right to obtain outside evaluation of relevant financial information to evaluate the financial soundness of a project or applicant. The City reserves the right to require an appraisal of any subject property of a TIF application, which appraisal shall be provided at the applicant's expense.
7. Zoning: Is the project harmonious with the surrounding properties and uses, and is allowable under current zoning codes?
8. Design Guidelines: Staff will evaluate the aesthetic nature of the building and determine if the Central Business District Design Guidelines, Downtown Guidelines and Historic preservation guidelines, if applicable are being met.
9. Diversity of Services: TIF funds should be used to diversify and supplement the existing business mix within the downtown area to the extent possible. TIF funds should also be used as a tool of the City Council to achieve goals of the Comprehensive Land Use Plan of the City and any other current or subsequent visioning plans approved by the City Council. Does the applicant's business offer goods and services deemed desirable and appropriate within the downtown district?
10. Security: Is sufficient collateral and/or personal backing available to reasonably ensure that the City will at least recover its principal in the event of a default? Will the property be protected by sufficient commercial property insurance to protect the City's principal?
11. Housing: Housing is not viewed as an initial priority within the Central Business District and therefore, TIF funds will not be used to assist redevelopment projects that are primarily residential in nature. The exception to this limitation is that upper story housing within a commercial building may be allowed, and may receive TIF incentives.

IX. PREVAILING WAGE ACT (P.A. 96-0437 & 96-0058 as amended)

1. All applicable laws, ordinances and the rules and regulations of all authorities having jurisdiction over construction of the project shall apply to the contract throughout including the Illinois Prevailing Wage Act. The grantee or entity awarded funding will be required to submit certified payroll to the City of Lincoln on a monthly basis for the work being performed under the grant and/or redevelopment agreement if said grant or

redevelopment agreement funding is being used for the purchase of labor for the materials or services being rendered.

2. When a project is financed in whole or in portion with tax increment financing funds, that project falls under the purview of the Prevailing Wage Act and is considered a Public Work. In effect, the contractor selected to do the work must pay his/her employees the prevailing rate of wages for Logan County and supply certified payroll to the City of Lincoln prior to reimbursement being issued. The City of Lincoln will hold those records for a period of time as required by State Statute.
3. If contracts for specific work are separated for a project on a building and land owned by a private entity, then only that contract which will be partially funded with tax increment funds is subject to the Prevailing Wage requirement.

X. MISCELLANEOUS PROVISIONS

In addition to the policies set forth above, the following miscellaneous provisions should be noted by any applicant/developer seeking economic development financial assistance with the City of Lincoln.

The adoption of these policies by the City Council in the form of a resolution should not be construed to mean that the provisions of financial incentives using TIF revenues is inherently approved for any applicant and/or project which may be able to comply with the policies as set forth herein.

The City of Lincoln reserves rights as follows:

1. To amend, modify or withdraw these policies as it determines necessary and appropriate.
2. To require additional statements, sworn affidavits as to the “but for” provisions of these policies, or other information as may be deemed necessary, from any applicant/developer.
3. To waive any nonconformity with these policies by action of the City Council
4. To waive any timetable established by Resolution or Motion

The City may exercise the foregoing rights at any time without notice and without liability to any applicant, developer and/or project or any other party for expenses incurred on the preparation of an application for economic development assistance. The preparation of any such application and any costs related thereto shall be the sole responsibility of the applicant/developer.